

Message Text

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44

ACTION EB-07

INFO OCT-01 AF-06 ARA-10 EUR-12 EA-10 NEA-10 IO-10 ISO-00

SSO-00 NSCE-00 USIE-00 INRE-00 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 OIC-02

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O R 071902Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2642

INFO AMEMBASSY CANBERRA

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BUJUMBURA

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY QUITO

AMEMBASSY SAN SALVADOR

AMEMBASSY ADDIS ABABA

AMEMBASSY ACCRA

AMEMBASSY GUATEMALA

AMEMBASSY CONAKRY

AMEMBASSY PORT AU PRINCE

AMEMBASSY TEGUCIGALPA

AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY NAIROBI

AMEMBASSY MONROVIA

AMEMBASSY MEXICO

AMEMBASSY MANAGUA

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AMCONSUL LUANDA

AMEMBASSY YAOUNDE
AMEMBASSY BANGUI
AMEMBASSY COTONOU
AMEMBASSY LIBREVILLE
AMEMBASSY ABIDJAN
AMEMBASSY TANANARIVE
AMEMBASSY LOME
AMEMBASSY PANAMA
AMEMBASSY ASUNCION
AMEMBASSY LIMA
AMEMBASSY LISBON
AMEMBASSY KIGALI
AMEMBASSY FREETOWN
AMEMBASSY DAR ES SALAAM
AMEMBASSY PORT OF SPAIN
AMEMBASSY CARACAS
AMEMBASSY KINSHASA
AMEMBASSY LAGOS
AMEMBASSY LA PAZ
USMISSION GENEVA
USMISSION EC BRUSSELS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION OECD PARIS

UNCLAS LONDON 10363

E.O. 11652: N/A

TAGS: ETRD, EAGR, OCON

SUBJECT: COFFEE: NEGOTIATIONS FOR A NEW INTERNATIONAL
AGREEMENT

1. AS PROMISED IN SEPTTEL, TEST OF THE PAPER ENTITLED
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"MAJOR OBJECTIVES OF CONSUMERS IN A NEW INTERNATIONAL
COFFEE AGREEMENT IS QUOTED IN FULL BELOW:

QUOTE THE CONSUMING COUNTRIES ACCEPT THE INTERNATIONAL
COFFEE AGREEMENT OF 1968 AS THE BASIS FOR A NEW AGREEMENT
THE CONSUMING COUNTRIES BELIEVE THAT THE 1968 AGREEMENT
FUNCTIONED WELL IN DEALING WITH SITUATIONS OF SURPLUS
SUPPLY AND DECLINING PRICES. IT WAS LESS SUCCESSFUL IN

DEALING WITH SITUATIONS OF TIGHT SUPPLY. ACCORDINGLY, THE CONSUMING COUNTRIES BELIEVE THAT THE 1975 AGREEMENT SHOULD ATTEMPT TO ACHIEVE A GREATER DEGREE OF BALANCE OF INTERESTS FOR BOTH PRODUCERS AND CONSUMERS, SEEKING TO ACHIEVE STABILITY OF COFFEE PRICES AT LEVELS REMUNERATIVE TO PRODUCERS AND EQUITABLE TO CONSUMERS.

IN THIS CONTEXT, THE CONSUMING COUNTRIES HAVE AGREED AMONG THEMSELVES THAT, IN ADDITION TO VARIOUS LESSER MODIFICATIONS AND UP-DATING, THE FOLLOWING MAJOR OBJECTIVES MUST BE MET IN ANY NEW AGREEMENT:

1. ALLOCATE MARKET SHARES ON A BASIS WHICH PROVIDES ADEQUATE SUPPLIES OF THE VARIOUS TYPES OF COFFEE IN A MANNER WHICH CORRESPONDS WITH THE DEMAND OF THE MARKET.
2. INTRODUCE A DEGREE OF FLEXIBILITY IN THE ALLOCATION OF ANNUAL QUOTA SHARES IN ORDER TO REDUCE OR ELIMINATE THE PROBLEM OF "PAPER QUOTAS".
3. PROVIDE FOR A SYSTEM OF AUTOMATIC QUOTA ADJUSTMENT ON A SELECTIVE AS WELL AS A PRO RATA BASIS FOR QUOTA INCREASES. AUTOMATIC QUOTA CUTS COULD BE LIMITED TO A PRO RATA BASIS.
4. QUOTAS SHOULD REPRESENT A REAL SUPPLY OF COFFEE AND NOT BE MERELY A MAXIMUM LIMIT ON SUPPLY.
5. WHEN THE MARKET ENTERS INTO AN EXTRAORDINARY SITUATION OF EXCESSIVE PRICE RISES WHICH ARE NOT ADEQUATELY DEALT WITH THROUGH QUOTA ADJUSTMENTS, QUOTAS AND CONTROLS SHOULD BE AUTOMATICALLY SUSPENDED (UNLESS THE COUNCIL DECIDES TO KEEP THEM IN EFFECT FOR A FURTHER PERIOD).

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
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Disposition Reason:
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06 JUL 2006

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